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OIR Contribution to NIE-49:

SWEDEN'S POSITION IN THE EAST-WEST CONFLICT

January 15, 1952

OFFICE OF INTELLIGENCE RESEARCH  
DEPARTMENT OF STATE

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I. STRATEGIC IMPORTANCE OF SWEDEN

B. Strategic Considerations Relating to Swedish Economy.

Summary

Sweden's dependence on foreign sources of supply for two-thirds of its raw materials and practically all its coal, coke and petroleum products renders its economy vulnerable in spite of rich resources of iron ore, timber and hydroelectric power. Any major interference with the flow of supplies would have serious disruptive effects on the economy of the country.

Although slightly more dependent on East-West trade than most other Western European countries, Sweden conducts 92-93 percent of its trade with the West. Sweden's trade with the Soviet Bloc, which accounts for 7-8% of total trade, consists principally of an exchange of Swedish iron ore, ball and roller bearings and machinery for Polish coal and some mineral ores.

There are no indications that economic factors would make Sweden yield to Soviet pressure. Markets are no longer a serious problem: the West will take everything that Sweden has to export. Coal is the most important item now imported from the Soviet Bloc--but even this could be supplied by the United States at a landed price roughly equal to that currently paid for Polish coal.

For its size Sweden is a considerable economic asset to the West. Its significant exports of iron ore, lumber products, pulp and paper products,

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ball and roller bearings, industrial machinery and ships, constitute an important contribution to the economic potential of the Western Allies.

Should Sweden fall within the Soviet orbit, the resulting boycott by the West would necessitate an almost complete realignment of Swedish foreign trade. Deprived of most of its essential imports, Swedish industrial production would probably be sharply reduced in the short run. Given time for readjustment, however, the Soviet Bloc could supply Sweden's needs for essential materials which are not large compared to the Bloc's resources. The greatest difficulty would be furnishing petroleum and possibly steel. The USSR would probably make considerable efforts to supply Sweden with raw materials and fuels, since Swedish production of iron ore, bearings, industrial machinery and ships would be an even greater economic asset to the Soviet Bloc than it is to the more industrialized West.

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Sweden's economic strengths and weaknesses

1. Food. With modest imports of fodder and fats Sweden is more than 90% self-sufficient at a nutritional level of over 3,000 calories per capita a day. The pattern of food production is such that the country could nourish itself if cut off from outside markets albeit at a slightly lower calorie level, or at the cost of some deterioration in the quality of the diet, and without such imported items as coffee, tea, spices, etc.

2. Fertilizer. The present magnitude of Swedish agricultural production, however, is predicated on large amounts of chemical fertilizers. All potash supplies must be imported. Of the total imports of potash (145,000 tons in 1950), about half came from Eastern Germany. Superphosphate production is completely dependent on imports (341,000 tons in 1950) of phosphate rock (from the US and North Africa). During World War II low-grade domestic apatite was utilized to alleviate the phosphate shortage. However, this was abandoned as soon as outside sources of supply were available.

About 90% of Sweden's nitrogenous fertilizer needs are imported; practically all comes from Norway.

3. Fuel. About half of Sweden's total energy consumption is based on imports. Sweden must import about 95% of its coal, all its coke or coking coal, and practically all its petroleum products. Its domestic energy resources consists primarily of hydro-electric power and fuel wood.

Coal and coke are absolute prerequisites for many of Sweden's specialized industries. In 1951 about 3 million tons, or two-fifths of Sweden's total supplies of coal and imported coke of 7.5 million tons came from Poland.

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Shortly after Korea, the price of Polish coal was raised by more than 50 percent, and it is now approximately equal to the landed price of U.S. coal.

Lack of petroleum resources is another of Sweden's critical weaknesses. During 1950 Sweden imported more than 4 million tons of crude and refined petroleum products. In the postwar period the Western Hemisphere supplied more than 80% of Sweden's needs, and Iran with Iraq about 10%. During 1951, the Netherlands West Indies was the most important single supplier (30%), with Iran second (19%).

Sweden has an important domestic fuel resource in wood. During World War II, in an effort to substitute fuel wood in industry for imported fuels, industrial fuel wood consumption more than doubled. Petroleum supplies dwindled to one-tenth of prewar, and virtually all automotive vehicles were converted to wood gas generators. A large production of charcoal, the principal fuel used in gas generators, takes place in Sweden even in normal times. Fuel wood was also substituted to a large extent for coal; but even so, nearly 4½ million metric tons of coal and imported coke (roughly two-thirds of prewar) were also consumed.

4. Minerals. Sweden provides approximately 7% of the present free world supply of iron ore; because of its high metal content this ore supplies about 11% of the free world's iron. During 1950 West Germany received about one-third of Sweden's exports of iron ore. The United Kingdom was second with about one-fifth; the United States received about 12%. Approximately 15% went to the Soviet Bloc, principally Poland and Czechoslovakia. Western Europe, including Spain and Yugoslavia, receives about 18% of its iron ore supplies from Sweden.

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Transportation of the Swedish ore is subject to interference because the export ore is mined inland in northern Sweden and must be transported by an electric railroad to either the port of Narvik (Norway) or of Lulea (Sweden); the latter is near the head of the Gulf of Bothnia and is ice-bound about six months of the year. This railroad is vulnerable to air attack on either its roadbed or its power supply.

Sweden is dependent on foreign ores and metals for all ferroalloys other than silicon. Having no bauxite or magnesium resources, Sweden is also an importer of light metals, another armaments ingredient. Sweden is dependent on imports for such bulky materials as phosphate rock, nitrate and potash. (See I, 2, above). The country also lacks such minerals as asbestos, mica, graphite and industrial diamonds.

5. Steel. Sweden has a well-developed iron and steel industry. In 1950 it produced about 800,000 tons of pig iron, 1,440,000 tons of ingot steel, and about 1,000,000 tons of rolled and forged products. It imported 600,000 tons of rolled and forged products and exported 100,000 tons of such products. It imported 170,000 tons of scrap. Sweden is thus dependent on foreign sources for two-fifths of its requirements for rolled and forged products. It is expected that the expansion of the new steel plant in Norbotten will cut imports of such products in half by 1954. Total capacity for rolled and forged steel is expected to increase to about 1.6 million tons in 1955.

6. Manufacturing. Sweden is one of the most highly industrialized nations in the world, ranking first in industrial output per capita in Europe.

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Manufacturing accounts for over one-half of the national income and employs about two-fifths of the total labor force. The high level of industrial output is not based on an abundance of natural resources but is derived from efficiency in their utilization.

a. Machinery. Industrial machinery production is Sweden's foremost manufacturing industry, employing approximately one-fifth of the labor force engaged in manufacturing. The country is an important exporter (in order of value of exports) of ball and roller bearings, internal combustion engines, electric equipment (generators, motors, converters and transformers), dairy machinery, metal-working machinery, paper and pulp machinery, storage batteries, steam and hydraulic turbines, textile machinery, electric control apparatus, electric switches and contracts and woodworking machinery. Despite this large production, the value of Swedish imports of industrial machinery averages about the same as machinery exports. Although an exporter of machine tools, for example, Sweden does not produce all kinds, and postwar imports have been substantial. Under the stimulus of cheap electric power, the manufacture of electric machinery has developed to the point where it now covers most of Sweden's large domestic needs.

Except for ships, the item of most strategic importance manufactured in Sweden is ball and roller bearings. These are important components of machinery, aircraft, armoured vehicles, gun mounts and marine equipment. Sweden is one of the world's largest producers of ball bearings and plays an important role in the world market through SKF patents and subsidiary plants.

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Production rose to about 11,400 tons, worth 135 million kronor in 1950. Practically the whole amount is exported. Principal markets in 1949 (latest year with detailed country breakdown) were Benelux 28%, the Soviet Bloc 20%, Denmark 6%, Finland 5% and Norway 4%. The share to the Soviet Bloc has since been reduced but exact figures are not available.

b. Motor Vehicles and Aircraft. The motor vehicle industry is small and relatively unimportant. The railroad equipment industry is not able to meet domestic demands. The aircraft industry produces about 200 aircraft a year for both civilian and military use. This could probably be stepped up to from 300 to 500 aircraft in an emergency.

c. Industrial Chemicals. Although self-sufficient in sulphuric acid, Sweden depends on foreign sources for almost all its soda ash, about one-half of its caustic soda, and a small part of its chlorine and coal tar needs.

d. Textiles and Rubber. Textiles — The textile and clothing industry is an extremely important segment of the economy of Sweden, ranking very near the top in number of employees and value of output. Textile imports have constituted the largest single group of Swedish imports because the industry is completely dependent upon imports for its raw material requirements. Given these materials, however, the textile and clothing industry supplies about four-fifths of Swedish requirements of manufactured textile goods.

The rubber industry is small contributing less than 1% of the total value of industrial output. The industry is completely dependent on imports of crude rubber as synthetic rubber is not produced in commercial quantities.

7. Shipbuilding. Sweden ranks high among the shipbuilding countries



of the world; however, production is dependent on imports of many essential raw materials, including steel plates. In 1949 Sweden, with a production of 323,100 tons of ships of 100 gross tons or more, ranked third after the United Kingdom (1,267,500 tons) and the United States (633,300 tons). It is estimated that the present requirements for steel by the industry are about 150,000 tons per year; Sweden itself now produces only a very small percentage of the heavy steel plate required. However, expanding capacity at the Norrbotten steel works is planned to meet this need and is expected to reduce import needs by about one-fourth by 1954.

8. General Economic Vulnerability. Any estimate of Sweden's economic vulnerability to a disruption of its customary trade channels is necessarily subject to a wide margin of error. A general indication may be found in World War II experience. During World War II, Sweden's petroleum supplies were reduced to one-tenth of the prewar level; its coal supplies to two-thirds; its steel supplies (at the rolled and forged products level) remained about the same; its imports of textile fibers to one-third; its imports of nitrogenous fertilizer to one-half; its imports of phosphate to zero; its imports of potash to four-fifths of prewar. As a result, certain industries suffered serious reductions of output; textile production fell to 90 percent of the prewar level; agricultural output declined by approximately one-tenth. But other industries expanded, and the development of substitutes helped alleviate the shortages of fuel and raw materials. Total industrial output did not decline, but actually rose slightly.

In the meantime the Swedish economy has become more dependent on foreign raw materials, particularly petroleum. A sharp reduction of imports could therefore be expected to have a more serious effect on the Swedish economy than was the case in World War II.

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Labor force. In Sweden's new long-term program covering the years 1951-55 it is estimated that the growth in the labor force will be sufficient to permit the Gross National Product to maintain its average postwar increase of about 4 percent a year, on the assumption that a full supply of raw materials and fuels is forthcoming.

However, Sweden suffers under the labor conditions characteristic of an economy with over-full employment. Shortages of skilled labor are found in many key industries. The competition for workers exerts a continual pressure on wages, with a resulting pressure on prices. Swedish labor is among the most strongly organized in the world. Workers in industry are nearly 100% organized; those in agriculture 60%; and 40% of the white-collar workers are affiliated with a union organization.

Swedish employers are also highly organized, although not to the same degree as labor. Acceptance by both capital and labor of an extensive system of collective bargaining has had a stabilizing effect on labor relations in Sweden.

Sweden's Foreign Economic Relations

Practically all (92-93 percent) of Sweden's trade is with the free world. The overwhelming proportion of Sweden's raw material needs are supplied by the free world. The only notable exceptions are coal and coke (two-fifths

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of which is imported from Poland) and a small proportion of mineral ores. In 1950 more than one-half of Sweden's trade was with the United States and the following five Western European countries: United Kingdom (17.2% of total trade), Western Germany (11.7%), United States (7.5%), Norway (5.9%), France (5.4%) and the Netherlands (5.3%). Trade with countries belonging to the OEEC accounted for more than three-fifths of total trade.

During 1950 and the first eight months of 1951 Sweden's foreign trade with the USSR and its Satellites accounted for 7-8 percent of total trade, the share being about the same for exports and imports. This percentage of exports represents a steady reduction from earlier years of the amount of strategic items as well as total trade going to the Soviet Bloc. Swedish cooperation with the Western Allies with respect to the strategic trade question has been steadily improving and has now reached the stage where the Swedish government has agreed to adopt an East-West trade policy parallel to that of the NATO countries. No Swedish military equipment is shipped to the Bloc. About the only strategic items going to the Bloc are those which must be surrendered in bi-lateral trade negotiations in order to acquire in return specially desired items; of the latter Polish coal is probably the most important.

Poland is by far the most important of Sweden's Eastern trading partners. During 1951 Poland supplied about 3 million tons of coal and coke to Sweden.

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The newly signed (Dec. 4, 1951) trade agreement calls for a similar amount during 1952. In return Poland has received iron ore and ball bearings. Under the new agreement Swedish deliveries will include ten million kronor worth of bearings of which three millions worth are List I bearings, and certain other List II bearings in the same or reduced quantities. (Value of Swedish bearing production 1950: 135 million kronor). However, there are no List I items other than these bearings and there are no increases of List II items other than bearings. These bearings were conceded only after many months of negotiations and as a last resort to get Polish coal. Other deliveries under the agreement include 1.1 million tons of iron ore (about the same as the previous year), 20,000 tons of rayon pulp, machinery, iron and steel, fish and tanning extracts.

In 1946, anticipating a postwar recession, Sweden extended a credit of one billion kronor to the USSR to be utilized by December 10, 1951. Of the original credit a little less than one-half has been used by the expiration date. However, deliveries of goods ordered under the credit will probably continue until the end of 1952. Swedish exports to the USSR during the period January-August 1951 amounted to 88 million kronor or 1.4 percent of Sweden's total exports.

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## II. PRESENT SWEDISH POLICY WITH REFERENCE TO THE EAST-WEST CONFLICT

A. Sweden's current foreign policy is based on its traditional principles of neutrality. This policy which Swedish government and political leaders prefer to describe as "freedom from military alliances" rather than neutrality emphasizes non-participation in the military alignments of the Great Powers and has as its objective the avoidance of Sweden's involvement in power struggles. Unlike the Swiss who reject participation in all international diplomatic combinations except those of technical or purely economic nature such as the OEEC, the Swedes, however, have not found membership in non-military international organizations such as the United Nations and the Council of Europe incompatible with their foreign policy. Moreover, in 1948, the Swedish government showed an inclination to depart somewhat from its policy of non-participation in military alliances when it attempted unsuccessfully to head off Danish and Norwegian participation in NATO by offering to form with these two countries a Scandinavian defense pact based, however, on a common policy of neutrality.

To the average Swede, the most persuasive argument in behalf his government's neutrality policy is the peace that his country has enjoyed for approximately 150 years. Moreover, although he is cognizant of the threat offered to Swedish security by the Soviet Union, he is not convinced that the conditions and situations which have contributed to the success of this policy in the past -- Sweden's position on the periphery of Europe off the main invasion routes, the continental or world balance of power position, etc. -- have been transformed to the point where there is no hope of preventing Swedish involvement in a future war. While applauding the efforts of the West to rearm, the Swedes do not view present collective security efforts as

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providing a greater guarantee of peace for them than their own neutrality policy backed by what they regard as sufficient armed force to deter even a Great Power. Under these circumstances they wish to avoid any foreign policy commitment that would automatically commit them to a war among the Great Powers.

All non-Communist parties and the overwhelming majority of the Swedish people approve on principle their government's no-alliance policy. The Communists, while not objecting to a neutral policy as such, nevertheless profess to regard it as a fraud alleging that Swedish foreign policy is actually implemented, is pro-Western and non-neutral. A public opinion poll conducted toward the end of 1950 reported no less than 85% of the population in full support of a neutral policy for Sweden. The same poll revealed, however, that only 46% of the people involved believed that Sweden could remain neutral in the event of a war in Europe. The explanation of this seeming contradiction appears to lie in the public conviction that Sweden would gain little and lose much by abandoning its neutral policy in time of peace.

In spite of this public agreement on the major principles underlying Sweden's neutral policy, there have been sufficient differences over the manner of its application to give rise to considerable public debate. Although no party leader or party platform has advocated an end to a neutral policy for Sweden, this has not been true of minority segments within the Liberal and Conservative parties. Most outspokenly critical of the government's policy and an advocate of Swedish membership in NATO, are Dagens Nyheter, Sweden's largest daily newspaper, the Expressen of Stockholm and the strongly pro-American Göteborgs Handels-och Sjöfarts-Tidning, all Liberal papers. Although no Conservative paper has expressed equally extreme views, the leader of the

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Conservative Party, Jarl Hjalmarson, has privately indicated his desire to see Sweden in NATO as well as his conviction that it would be political suicide within his own party to advocate this in public. A few prominent Social Democrats, as well as a number of editors of the party's provincial newspapers, also have expressed reservations over certain aspects of the government's policy. The Agrarians, who joined the Social Democrats in a coalition on October 1, 1951, by contrast would prefer an even more isolationist policy than the government has pursued to date. Together the two parties now control an overwhelming majority in the parliament.

The leaders of the Liberal and Conservative parties, Bertil Ohlin and Hjalmarson, respectively, have provided the main opposition to the government on the implementation of its foreign policy which they have criticized as being too rigid, doctrinaire, and lacking in foresight. These opposition leaders have contended that the government should undertake to bring about at least technical military cooperation with the governments of Denmark and Norway. This, they believe, will avoid the military isolation in which Sweden now finds itself and also make possible a degree of advance planning regarded as necessary if effective Western military assistance is to be made available to Sweden in the event of war. Both party leaders profess great concern over the impact of Swedish neutrality on Western opinion; they desire that there be no doubt about the basic pro-Western orientation of Swedish policy. In this connection, they sharply attacked the government in the foreign policy debates early in 1951 for abstaining in the UN on the resolution condemning Chinese Communist intervention in Korea.

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B. The Swedish people have a deep-seated fear of the Soviet Union. This is based largely on historical conflicts with Tsarist Russia, which was Sweden's traditional enemy, but has been intensified by Soviet Union's aggressive international policy and actions in the present postwar period. Prior to World War II although commercial relations with the Soviet Union were insignificant, diplomatic relations were generally amiable if not cordial. Swedish security in the immediate pre-1939 period<sup>was</sup> favored, however, by the balance of power in Europe with Germany standing as a bulwark against Soviet expansion westward. Moreover a certain attraction for the Soviet Union as the Socialist motherland was to be found in left-wing Social Democratic circles. Swedish good will toward the USSR was greatly shaken in 1939 by the Soviet invasion of Finland which created a deep emotional reaction in Sweden. The government stretched its concept of neutrality to permit extensive aid to the Finns in the form of military equipment and volunteers, short of actual intervention.

After World War II, Sweden had to reckon with the new center of military power in Europe, to which the German counterweight had been removed. In addition to wanting a hedge against an anticipated economic depression in the United States, the government also sought to bolster its relations with the Soviets by granting them a substantial five year trade credit to the amount of 500 million kroner. Whatever good will was engendered by this act of the Swedish Government, as well as by Soviet participation on the Allied side during the war, was strained to the point of dissipation by a series of irritants. From the very end of the war the Soviets complained both officially and in their propaganda of the Swedish policy toward the several

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thousand Baltic peoples in particular who were granted asylum in Sweden. Unilateral proclamation by the Soviets of a 12 mile limit in the Baltic angered Swedish fishermen and caused resentment throughout the country. Even more disturbing to the Swedes, however, have been the espionage attempts by Soviet officials, and most recently, their success in securing vital information from a Communist non-commissioned officer in the Swedish Navy. The Government's adamant stand on the question of granting asylum to all political refugees from Eastern Europe, as well as its prompt demand for the recall of Soviet Officials engaged in espionage activities, have met with strong public approval amounting to applause from the opposition parties.

The Swedish people are not readily susceptible to political and psychological pressures from any direction. Their history of foreign domination and foreign influences prior to the 17th century, and the spirit of dependence and patriotic feeling in modern times, combined with a strong element of stubbornness, makes them averse to all outside pressures. As a neutral for nearly a century and a half, the government has accumulated considerable experience in warding off the attempts of other powers to influence its actions. In addition to these normal aversions to outside pressures the Soviet Union faces the additional considerable psychological obstacle of being the heir of Tsarist Russia, the traditional enemy of Sweden as well as the center of Communist dictatorship. Perhaps the best measure of its present Soviet capabilities for political and psychological pressures on Sweden is the Swedish Communist Party. Now reduced to half of the voting strength which it possessed in 1946, the Swedish CP's fortunes have declined in direct relation to the political prestige in Sweden of the Soviet Union. Currently it plays largely a nuisance role both in the trade union and

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political field; in neither is it capable of influencing public policy.

Sweden very likely would make limited concessions to the Soviet Union <sup>such</sup> in response to economic pressure, as an attempt to deny it coal from Poland. To secure Polish coal, for which Sweden does not have to spend dollars, it would be and has been willing to make trade concessions on such strategic items as ball bearings of which Sweden has an exportable surplus. Beyond this, however, it would not yield to Soviet pressures to alter its foreign or military policies. Military threats from the Soviet Union would be flatly rejected.

C. Only a Communist government, for which there is no foreseeable prospect in Sweden, would cooperate with the Soviet Union in peacetime. An armed attack by the Soviet Union on Swedish territory would be met with all the resources at the government's disposal. In resisting a Soviet attack, the government would enjoy the overwhelming support of public opinion. Even the most severe Conservative and Liberal critics of the government's foreign policy have never as much as intimated that the government would not order armed resistance to Soviet attack. Various public opinion polls taken in Sweden during the past two years, also have indicated that a strong majority, (75%), of the Swedish people are determined to resist Soviet attack and that only 7% favor a policy of non-resistance. A threat to use the atomic bomb on Swedish cities similarly found only a slightly smaller percentage (69%) of this opinion, although 17% preferred non-resistance in this circumstance.

This public attitude applies only to an attack on Sweden itself.

Armed attack on any other country, including, strategically located Finland, Norway and Denmark, would bring only minority support for armed intervention

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by Sweden. It may be concluded from this that the average Swede has a distinctly parochial attitude toward defense; like the average American of the pre-World War II period, the Swede interprets defense to mean only the defense of his own frontiers.

D. Of the several satellite countries, Sweden has important commercial exchanges only with Poland, Czechoslovakia, and East Germany. Outside of these commercial transactions, however, relations with the satellite countries generally have been either cool or somewhat strained. Swedish Social Democratic opinion in particular was moved by the assassination of Petkov and the public generally was alarmed by the coup in Czechoslovakia. Swedish opinion generally was adversely affected by Poland which, for a long time persisted in arresting Swedish seamen, and by the nationalisation of Swedish property under unfavorable conditions in several of the countries, as well as by the disappearance in Hungary under confused circumstances of the Swedish banker, Wallenberg. Moreover, Polish and East German political refugees have continued to find asylum in Sweden. Protests of the Polish Government have been firmly rejected. Were it not for Swedish dependence on Polish coal, relations with this country might have deteriorated even further.

E. Swedish sympathies, like Sweden's economic interests, (See Section J), are currently tied up with the Western countries, particularly the United Kingdom and the United States. The Swedes are first of all pro-Swedish, but they are also politically, culturally and socially, strongly pro-Western. Despite reservations over certain aspects of American foreign policy, and some lingering anti-American sentiment in Social Democratic Party circles against what they regard as the home of aggressive capitalism, there is a friendly feeling for the American people. Despite their unwillingness to join militarily with the West in peacetime, it would be a shock and disappointment to many Swedes, in the event of attack on their country, if the United States did not come to their assistance. As indicated by a recent public opinion

study, roughly half of the Swedes do expect the United States to come to their aid. The government, moreover, although it naturally has not committed itself on this point, very probably assumes that the United States, which is giving military assistance to Norway, would not sit idly by while Norway's advance outpost was being overrun. Neither has the government expressed its views on how effective this aid would be.

Opposition leaders have contended that aid from the West could only be effective if arranged in advance. Without being particularly specific on this point, they have strongly urged that technical military cooperation be entered into with the armed services of Denmark and Norway. The government has rejected these proposals as incompatible with its neutrality policy. Moreover, following the adherence of Norway and Denmark to the North Atlantic Treaty in 1949, it discouraged its military leaders from carrying on the relatively extensive military contacts that had developed up to that time. At the same time, the government has sent Swedish officers to study in American military training schools. It has not permitted American war vessels to visit, Stockholm, however, lest this increase tension in the Baltic and further strain relations with the Soviet Union. It is nevertheless conceivable that, as the military strength of the West increases and Sweden feels less exposed to possible Soviet retaliation, it may permit a limited amount of technical military discussion to be carried out between its own services leaders and those of Denmark and Norway.

Although several of the Swedish military leaders have expressed in private as well as in public their dissatisfaction with the government's neutrality policy, they have not suggested any concrete alternatives. Most pro-American and most dissatisfied with the government's policy is the air force,

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General Nordenskiöld, which is of course acutely aware of its dependence on imports for liquid fuels, radar, etc. The previous chief of the defense forces, General Helge Jung, frequently expressed indirect criticism of Swedish military security under a policy of neutrality. The air force leader would probably prefer Swedish membership in NATO; Jung probably had in mind something less specific, perhaps a military arrangement with the US that would come into effect only in the event of an attack in Scandinavia. General Swedlund on the other hand who succeeded Jung only recently, has indicated that he is closer to the government's neutrality position.

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F. There is little prospect that Sweden will join NATO. Most Swedes, aware of the relatively favorable state of their own defense forces throughout the postwar period, have not been greatly impressed to date by the rearmament progress of Norway and Denmark. They regard them as being little better off militarily than they would have been if they had put forth on their own a rearmament effort comparable to that of Sweden. From the Swedish standpoint, there would be little compensation through NATO membership for what they believe would be a definite increase in international tension should Sweden join the Western military alliance. Should, however, Sweden come to regard war between the West and the Soviet Union as imminent and Swedish involvement through Soviet attack as inevitable, it would probably abandon its neutral policy, especially if at that time NATO has become militarily strong and able to extend immediate, large scale assistance to Sweden.

Opposition political leaders, particularly the Conservative, have contended that the disappearance of Finland as a buffer for Sweden would necessitate a reconsideration of Swedish foreign policy. The government has not committed itself on this possibility. Bolstering the government's position is a recent public opinion poll which indicates that only 26% of the people would favor a departure from neutrality in the event Finland should be invaded. What the government would do in this event, would probably not be determined so much by the actual invasion of Finland as by its assessment of what the next step by the Soviet Union would be. If it were convinced that Finland was merely a springboard for a further Soviet move into the Scandinavian area including Sweden, it would very probably make overtures to the West for military assistance. On the other

hand, if it believed the Soviet Union intended to move no further than Finland there would very likely be no change in foreign policy. It would very likely enlarge its own defense preparations, however, and it might enter into exploratory military talks with the West. The sympathetic attitude that Sweden would certainly take to Finnish refugees, including members of the Finnish Government, together with the increased proximity of the Soviet forces, would create a public opinion increasingly hostile to the Soviet Union and therefore more willing to think of some form of military cooperation with the West to balance the changed power relationships in Baltic.

Even more disturbing to the Swedish Government than the invasion of Finland, would be a Soviet attack on Norway or Denmark. An attack on a non-Scandinavian NATO power would be regarded with concern principally because it would probably be interpreted as the opening of a general war. As long as the attack did not fall on Scandinavia there would be strong hope that this area might not become a major theater of operations. A Soviet attack in this area, however, would face the government with the question of fighting then or possibly of not fighting at all after Sweden was surrounded and completely isolated from the West. Although government leaders have been reserved on this point, it is believed that they would regard an attack on Norway as necessitating the entry of Sweden into the war. Before giving up their neutral policy, however, they would very probably wish to be convinced of Western power capabilities for coming to their assistance. Should the attack come before Norway and Denmark had been rearmed, for example, the government might very well decide to remain neutral and await developments in the war.



The addition of Germany to NATO would have little immediate effect on Swedish foreign policy. This would certainly be true if only West-Germany were to join the NATO. To the extent that German participation strengthened NATO and helped to restore the balance of power in Europe, Sweden might feel even less need to side with either one of the power blocs. On the other hand, under the circumstances set forth above, Sweden might feel that a rearmed Germany greatly improved the prospects of securing effective military assistance from the West.

G. Swedish domestic and foreign policy has become more overtly Western in its emphasis since the conflict in Korea, and particularly since European and American defenses have been appreciably strengthened. The latter development has been regarded with considerable favor in Sweden, and, as this strength has reduced the imminence of war in its view, the government has regarded its own policy to have been justified by events. Leaders of the government appeared to be less on the defensive by the end of 1951.

H. Norwegian foreign policy is largely unaffected by the attitude of Sweden. Most Norwegians react adversely to any attempts by Sweden to assert influence and leadership in Scandinavia. Nevertheless, certain elements would still prefer participation in a Scandinavian bloc as a foreign policy for Norway to membership in NATO, and to head this regional grouping they naturally look to Sweden. The Norwegian Government broke sharply with such preferences, however, when it cast its lot with the NATO in the face of Swedish efforts to salvage a Scandinavian military alliance. It has consistently enjoyed strong majority support for this stand.

Denmark, which is militarily weaker and less defensible than Norway, is also more susceptible to Swedish influence. Its Social Democratic leaders

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in particular would have preferred a Scandinavian alliance to membership in NATO, a preference they continue publicly to avow. Once this proved impossible of realization, however, they threw in their lot with NATO, and in doing so largely cut themselves off from Swedish influence on major aspects of their foreign policy.

All Scandinavian countries usually coordinate their policies in the UN, but where a split has been unavoidable Denmark has most frequently sided with Norway rather than with Sweden. At the same time, should a situation arise in which Sweden found itself isolated from the West, Denmark would be its most willing spokesman.

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### III. THE ADVANTAGES AND DISADVANTAGES TO THE WEST OF SWEDEN'S POSITION

#### A. During the Cold War

2. The only strategic industries in Sweden producing for the Soviet bloc are those concerned with ball and roller bearings. These are used largely as the "bait" by which Sweden is able to procure certain necessary imports from Eastern Europe, such as coal. Out of the total goods produced for export by all industries in Sweden, only 7 to 8% are shipped to the Soviet area. The other 92 or 93% goes to the Western countries.

Sweden may be expected to continue to cooperate on East-West trade in strategic commodities as long as: 1) other West European countries do the same; 2) it is convinced of the reasonable necessity of trade interdiction; 3) alternative markets exist. Aside from goods of obviously strategic importance, the Swedes prefer fewer barriers to East-West trade. This position is a product both of principle and of Swedish need for Eastern European coal.

As a result of negotiations carried out by representatives of the United States in Stockholm, the Swedish Government has agreed to adopt an East-West trade policy equivalent to that of the NATO countries. In agreeing to this, the government has taken its most concrete step to date in adjusting its neutrality in favor of the Western military coalition. The United States, as a result, has placed Sweden in the same export control category as the other NATO countries, except where defense priorities are involved. In principle, Sweden is now also regarded by the US as eligible for assistance in getting priorities for the purchase of defense materials, although within certain defined limits.

3. The Soviet Union would at least indulge in sharp propaganda attacks against Sweden should it join NATO, probably accompanied by one or more formal notes of protest. Moscow might also advise Poland to curtail its coal shipments to Sweden but such a decision would be largely influenced by Moscow's estimate of the value to the Soviet bloc of what Poland would receive in return. Although the threat of Soviet seizure of Finland has been frequently raised in Sweden in connection with the question of Sweden's joining NATO, Finland itself (due in part to provisions in the Finnish Peace Treaty and the Soviet-Finnish treaty) poses no threat to the USSR other than as a potential place d'armes. In consequence, the USSR would not necessarily move against that country in case of Swedish adherence to NATO, though that possibility cannot be dismissed. However, if the Soviet Union interpreted, in the light of the then existing international situation, Sweden's adherence to NATO as a step preliminary to an attack by the West, Soviet seizure of Finland must be considered likely. Sweden's adherence to NATO would in any case increase East-West tension in view of Soviet sensitivity to possible military preparations close to its borders.

B. In the Event of General War

In the event of general war in Europe, Sweden would move cautiously to avoid giving offense to the Soviet Union or concessions to one of the belligerents that could constitute an embarrassing precedent for another to request equal treatment. Every move would be carefully calculated from the standpoint of its effect on Swedish neutrality. Within these limitations Swedish neutrality policy would be benevolently oriented toward the West. Particular efforts would be made to favor Denmark and Norway.

This situation would prevail even though Sweden geographically is closer to the Soviet Union than to a Western Great Power. It would also be true in the event Sweden were completely surrounded through Soviet occupation of Denmark and Norway. Under the latter circumstances, however, the Swedish Government would clearly be forced to make some concessions to the Soviet Union. Realistically, given the vulnerabilities of the Swedish economy in war time, the government would in time find its freedom of action more and more circumscribed unless arrangements could be made to get fuels and lubricants from the West. The only alternative would be a gradual deterioration of the Swedish military machine or imports from the Soviet Union. The latter presumably would be permitted only at a price that would be related to the Soviet military position at the time.

A constant problem facing the Swedish Government in the event of war would be the overflight of belligerent aircraft. Here it would be confronted not only with the duties of a neutral in war time, but also with the strongly pro-Western sympathies of its air force. It is rather unlikely that the air force, at least under its present leadership, would vigorously prosecute a government order to intercept and destroy all belligerent aircraft overflying the country. Neither is it likely that the government would give such an order. If the allied planes flew at a sufficiently high altitude the air force, with government approval, might simply go through the motions of giving combat, or at the most seek to force down only a token number rather than to destroy them. In doing this it would be aided by the narrow width of the country; belligerent planes would be over Swedish territory only a few minutes at a time.

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Toward Soviet aircraft, however, the Swedish air force would have every inclination to secure respect of its territory. Assuming Swedish planes were equal to or superior to the Soviet, it might be in a position to interdict entire missions headed for Norway. This it would probably not do lest its unneutral conduct become too obvious. Rather, it would probably only pursue the planes while directly over Swedish territory and content itself with inflicting some damage with a minimum of losses to itself. The attack would not be pressed aggressively under all circumstances.

Anti-aircraft gunners, on the other hand, might be less discriminating. All belligerent aircraft could expect to be fired upon. Where the aircraft was at a sufficiently high altitude and clearly identified as Western, accuracy of fire would probably be considerably short of perfect. Soviet planes would probably be placed under more accurate fire, but it is unlikely that all of the anti-aircraft weapons available would be turned against them. Greater casualties among Soviet than American planes should certainly be expected.

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This attitude of "benevolent fire" might suddenly be changed should the Swedes assess their prospects of remaining neutral as good but at the same time conclude that the Western Powers were deliberately attempting to force them into the war. Under these circumstances it should be assumed that the government's orders to intercept and destroy all overflights of belligerent aircraft would be faithfully executed.

A neutral Sweden in a future general war, as in World War II, would have the following advantages for the West. It would provide a place of refuge for the Danes and Norwegian peoples in the event their countries were invaded, and a center of communication and control for their underground movements; it would considerably reduce the area Western forces would either have to defend or retake; it would, providing Sweden was not surrounded by the Soviet Union, afford to the West a certain amount of important Swedish exports such as ballbearings and iron ore; it would give to the West an intelligence center close to the Soviet Union and Eastern Europe. The particular value of Sweden as an intelligence center would vary greatly according to the military picture, however. A neutral Sweden in a Soviet-occupied Europe would be of much greater intelligence importance, for example, than if the Soviet forces were halted on the West German border. In general it should be recalled that communications between Sweden and the Soviet Union would be difficult in war time. On the other hand, a number of refugees, with information of intelligence value, and otherwise not able to escape the Soviets, would undoubtedly make their way to Sweden.

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One disadvantage to the West would be the denial to it of air and other bases somewhat closer than Norway to the Soviet Union. Perhaps equally important, depending on the condition of the Western Military forces, would be the loss of Swedish manpower, aircraft and trained aircraft personnel; loss of the Swedish fleet would be less significant. Should Sweden be surrounded while neutral the West would probably also lose Swedish high quality iron ore as well as Swedish ball bearings, wood products and certain precision instruments.

In a military sense the advantages and disadvantages to the USSR of Swedish neutrality would depend on the situation, the disadvantages probably outweighing the advantages in case of a Soviet offensive and vice-versa in case of a Soviet defensive position. In either case, the USSR would estimate that the sympathies of Swedish ruling groups would lie with the West, so that in either case, in Moscow's eyes, Swedish neutrality would be slanted toward the West and against the Soviet Union. Politically, Swedish neutrality would offer certain advantages to the USSR. Moscow could point to Swedish neutrality and consequent immunity from war in an attempt to split other Western European countries from the US by offering similar terms. Given Soviet control of the Baltic, Moscow might secure needed supplies from Sweden. Sweden could be used as a listening post and as a medium of communication with either the Western allies or other neutrals. The disadvantage would be to give the West a similar listening post close to the Soviet Union, and to leave open the possibility that at some time

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during the course of the conflict Sweden might be used as a base for an  
attack on Soviet forces.

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2. Should Sweden be surrounded through Soviet occupation of Denmark and Norway it could in time be forced to capitulate through economic strangulation. Supplies for which Sweden is vitally dependent on imports could of course be supplied from the Soviet Union if the Soviets so desired. At any stage short of this economic prostration, however, and as long as a pro-Western government was in power, the Soviet Union would have to invade Sweden militarily to force it into submission. There are no foreseeable conditions where Swedish non-Communist forces would fight against the Western Powers.

Soviet respect for Swedish neutrality or a decision to use military force against Sweden would be governed by a Soviet weighing of over-all advantages and disadvantages and not by scruples. Moscow would be influenced, but not necessarily guided, by its belief that Swedish sympathies would be largely with the West.

3. Sweden will join forces with the West only in the event it is fully convinced a Soviet attack on its territory is forthcoming, or it believes the Western Powers have substantial available military force to bring to the defense of Sweden. Short of this, it might conceivably join with Denmark and Norway if it felt that these two countries had been rearmed to the point where the combined military resources of all three could deter or halt an attack by the Soviet Union in the event the bulk of the latter's forces were engaged elsewhere.

4. A Soviet attack on Sweden would be met with force. This would also be true if the rest of Europe had been occupied. Any military effort against the Soviets would have the support of a great

majority of the Swedish people. Once military resistance became hopeless, the Swedish air force certainly, the Swedish navy if possible, and the government and royal family very likely would attempt to flee to the safety of a Western Country. In taking this step they would have the example of Norway during World War II and very likely of both Denmark and Norway in the event these countries were invaded by the Soviet Union. Here they could be expected to join their available military and economic resources to those of the Western Powers, and to plan for the liberation of their homeland.

The Swedish Government and its police forces have had considerable experience with subversive activities carried on by agents of foreign powers. Like the Swedish people, they have had little or no experience for more than a century in organizing subversive activity of their own. Guerrilla warfare is even more remote in their history. The prospect for both types of activity in the event of a Soviet attack would be greatly improved if the government and royal family should flee to a Western country. Under any circumstance, it could be assumed that, as in World War II, activities of this type would be slow in beginning and their extent would bear a direct relation to the prospects for liberation. There would be little prospect for guerrilla warfare of any importance growing immediately out of a military defeat. The shock of this experience would be too great; time for recovery, for reestablishment of contacts and for personal experience with the Soviet occupation would be necessary. Once the national mood to resist had developed, however, subversive activity and resistance would probably be tenaciously pursued. A very "correct" occupation,

on the other hand, although not discouraging all resistance would probably delay its appearance and, initially at least, hinder its extent and effectiveness.

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